

Amendment A Replacement Pages



A METHOD OF PROCESSING PAYMENT ON A
NETWORK OF COMPUTERS SUCH AS THE INTERNET

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A METHOD OF PROCESSING PAYMENT ON A
NETWORK OF COMPUTERS SUCH AS THE INTERNET

1 Background of the Invention:

2 This is a continuation of United States Patent application
3 serial number 09/400,724, filed on September 21, 1999, and
4 entitled "Financial System of Computers"; which was a continuation
5 of United States Patent application serial number 09/166,749
6 filed on October 5, 1998, and entitled "Financial System of
7 Computers", now United States Patent number 5,963,917; which was
8 a continuation of United States Patent application serial number
9 08/597,017, entitled "An Improved Financial Transactions System"
10 filed February 5, 1996, now United States Patent number
11 5,822,737, issued on October 13, 1998.

12 This invention relates generally to financial transactions
13 and more particularly to transactions involving credit or debit
14 cards.

15 The time is fast approaching where a significant amount of
16 commerce will be conducted using distributed networks of
17 computers such as the Internet. The reason this ground-swell of
18 commerce will occur is the ability of a single merchant to
19 economically reach a vast number of potential customers at

Amendment A Replacement Pages

1 substantially no costs. Further, the customers are able to
2 review a great number of vendors and their products with the ease
3 of a few key strokes and clicks of the mouse.

4 Although there are vast numbers of merchants already using
5 such networks, the sales volume has been particularly low due to
6 a variety of reasons. One reason which has depressed commerce on
7 the networks, is the difficulty with which customers can pay for
8 their purchases.

9 A variety of techniques have been developed to cure this
10 problem ranging from accepting phone orders to the establishment
11 of another currency called "E-Cash".

12 Phone orders in response to merchant promotional materials
13 creates a variety of problems. One major problem is the
14 requirements for phone lines and personnel to receive and process
15 the phone orders. Another hurdle is the simple fact that most
16 customers have a single phone line to their residence and this
17 line is used by the computer for accessing the network; the
18 customer has to disconnect from the network to make the phone
19 order.

20 Although E-Cash is a viable alternative, it is faced with
21 some enormous problems which will be difficult or impossible to
22 address. These include: counterfeiting problems; government
23 reluctance to accept the concept; difficulties in getting access
24 for handling E-Cash; and, the low number of users and merchants

Amendment A Replacement Pages

1 which can use E-Cash.

2 It is clear from the foregoing that there is a need for an
3 efficient methodology and system to accept payment over
4 distributed computer networks.

1 Summary of the Invention:

2 The present invention contemplates a totally automated
3 system for securing payment via a distributed network of
4 computers. In this context, the invention creates an automated
5 payment system particularly suited for purchases over a network
6 such as the Internet.

7 Although the present invention is described relative to the
8 Internet, its application is not so limited and is intended to be
9 used on any distributed computer system in which merchants and
10 consumers interact for the purpose of supplying and purchasing
11 goods or services.

12 In such a distributed computer network, a merchant or
13 vending computer contains certain promotional information which
14 is communicated to a customer's computer. This information is
15 intended to give the customer sufficient information to make a
16 decision on if the goods/services are acceptable.

17 As used within this discussion, the term "merchant computer"
18 signifies a computer system which is used for the purpose of
19 selling goods or services. The vendor itself does not
20 necessarily own the computer; in some situations, the computer is
21 operated on behalf of the merchant or vendor.

22 Based upon the promotional information, the
23 consumer/operator of the customer's computer decides to purchase
24 the services or goods described by the promotional information.

Amendment A Replacement Pages

1 It is at this point where the present invention is
2 particularly powerful as it provides a simple, easy, methodology
3 and linkage for the customer to pay for the goods/services.

4 In this context, the customer's computer is linked to a
5 payment processing computer and the customer's credit card number
6 and the amount of the goods or services is transmitted to the
7 payment processing computer. For security reasons, an encrypting
8 software package is first downloaded to the customer's computer
9 so that the credit card number is secure from "hackers" who might
10 also be on the network.

11 Although the term "credit card" is used, the invention
12 covers the use of any type of financial guarantee card such as
13 automatic debit accounts, checking account numbers, savings
14 account numbers, and other such devices obvious to those of
15 ordinary skill in the art.

16 The payment processing computer automatically contacts a
17 bank for verification of the credit card and amount; the bank
18 transmits an authorization to the payment processing computer.
19 This authorization, usually in the form of a number, is stored
20 within the payment processing computer's memory for later
21 reference.

22 The link or connection with the bank is terminated by the
23 payment processing computer and the payment processing computer
24 turns its attention to the customer's computer. The payment

Amendment A Replacement Pages

1 processing computer communicates a self-generated transaction
2 indicia, and in some embodiments a password, to the customer's
3 computer.

4 The transaction indicia is generated by the payment
5 processing computer for proper record keeping. The transaction
6 indicia is also used by the customer to verify that an order has
7 been generated and accepted.

8 The password is defined by the merchant's computer for the
9 payment processing computer to pass along to the customer's
10 computer. The password is used by the customer's computer to
11 gain access to restricted material within the merchant's
12 computer.

13 As example, assume the merchant's computer is supplying
14 information as to genealogy. As an initial process, the customer
15 enters the name being researched and receives a preliminary
16 report on the genealogy (the promotional material). To proceed
17 though, and get the actual data, the customer must pay to access
18 this further information.

19 To do so, the customer links with the payment processing
20 computer, and in the manner outlined above, receives back the
21 transaction indicia and the password. The payment processing
22 computer links the customer computer back to the merchant
23 computer; the customer provides the password to the merchant's
24 computer and is given access to the full genealogy report.

Amendment A Replacement Pages

1 As outlined in this example, in the embodiment where a
2 password is used, the customer's computer uses the password with
3 the merchant's computer in obtaining access to protected
4 information or to establish shipping instructions.

5 The re-linking of the customer computer to the merchant
6 computer is accomplished in a variety of ways. In the preferred
7 embodiment, the payment processing computer obtains the
8 merchant's address or Unique Recognition Location (URL) from the
9 customer computer when the customer connects with the payment
10 processing computer. This URL is used in a variety of ways, to
11 identify the merchant, to establish the amount of the
12 product/service, and to establish the return URL when the payment
13 processing computer is done with its task for the customer
14 computer.

15 By selective use of the URL on the merchant's part, the URL
16 transmits a tremendous amount of information to the payment
17 processing computer. As example, assume the URL for the home-
18 page of the merchant is: merchant.com/widget.

19 When the merchant is selling a single product (a widget),
20 this URL is easy to match to the product. When the merchant
21 wants to sell a variety of widgets, then for a blue widget, the
22 URL might be: merchant.com/widget/blue.

23 In some embodiments, the customer's computer is not linked
24 back to the originating URL of the Merchant computer but rather

Amendment A Replacement Pages

1 to another URL. The return URL is stored in the payment
2 processing computer and is used when the Merchant wants the
3 customer/consumer to be passed back to a different location (i.e.
4 where the restricted access information is accessible, or to
5 inform the consumer that their card has been rejected).

6 The invention, together with various embodiments thereof,
7 will be more fully explained by the accompanying drawings and the
8 following descriptions.

1 Drawings in Brief:

2 Figures 1A and 1B are block diagrams of the two computer
3 configurations used in the preferred embodiment.

4 Figure 1C is a graphical representation of the preferred
5 memory organization for the computer illustrated in figure 1A.

6 Figures 2A, 2B, 2C, 2D, and 2E graphically illustrate the
7 connections and disconnections of the preferred order.

8 Figures 3A, 3B, 3C, and 3D are frontal views of one
9 embodiment of a consumer's display screen.

10 Figure 4A is a flow-chart of the preferred embodiment's
11 payment processing operation.

12 Figure 4B is a flow-chart of an alternative embodiment's
13 payment processing operation.

14 Figure 5 is a flow-chart of the operation of the merchant's
15 computer.

1 Drawings in Detail:

2 Figures 1A and 1B are block diagrams of the two computer
3 configurations used in the preferred embodiment.

4 Figure 1A illustrates the configuration of the preferred
5 payment processing computer. As shown, computer 10A is a simple
6 layout of a Central-Processing-Unit (CPU) 11A which uses both
7 non-volatile memory 12A and Random-Access-Memory (RAM) 13A.

8 Communication to and from CPU 11A is via modem 14A which
9 communicates with other computers via the network connected by
10 phone line 15A.

11 Computer 10B, illustrated in figure 1B, shows the preferred
12 computer configuration used for the merchant computer and the
13 customer computer. Again, CPU 11B is connected to memories RAM
14 13B and non-volatile memory 12B. In the case of the merchant
15 computer, the promotional material is stored on non-volatile
16 memory 12B and is retrieved and communicated by CPU 11B using
17 modem 14B and phone line 15B.

18 This system is able to communicate with an operator via
19 monitor 16 for visual information. Monitor 16 is used for the
20 perusal of the promotional material by the customer.

21 Keyboard 17 is used to communicate operator commands to CPU
22 11B. In like fashion, mouse input device 18 is also used for
23 operator input to CPU 11B.

24 Optional printer 19 is used to create a hard copy of the

1 material being displayed to the operator/customer via monitor 16.

2 The differences between the computers shown in figure 1A and
3 1B are pronounce since the payment processing computer of figure
4 1A does not require input or direction from a human operator.
5 Rather, in the preferred embodiment, the payment processing
6 computer runs totally automatically and collects all of the data
7 and information it requires for its operation automatically from
8 the computers with which it is linked and with what is stored in
9 its memory.

10 Figure 1C is a graphical representation of the preferred
11 memory organization for the computer illustrated in figure 1A.

12 Memory 9, located preferably in non-volatile memory 12A, has
13 three sections. The first section 8A is the product listing
14 reference which is composed of multiple groupings. This data
15 remains relative constant and is defined by the merchant. Each
16 grouping, such as 7A, includes data identifying:

17 Part Number

18 Merchant Identification

19 Cost of Product/Service

20 Description of the Product/Service

21 Authorized Return URL

22 Rejected Return URL

23 Password

24 The second section is for defining the merchant's

Amendment A Replacement Pages

1 information. Each grouping 7B within section 8B contains
2 relative constant information such as:

- 3 Merchant Identification
- 4 Business Name
- 5 Contact Name within the Business
- 6 Business Address
- 7 E-Mail address for the Business
- 8 Bank Checking Number for the Business

9 The third section 8C is an accounting listing which is
10 constantly up-graded as new payments are processed. This section
11 is used for making full accounting to the various merchants.

12 Grouping 7C within section 8C contain:

- 13 Transaction Number
- 14 Date of transaction
- 15 Amount of the transaction
- 16 Part number involved in transaction
- 17 Credit Card Number
- 18 Authorization Number

19 The authorization number is the indicia received from the
20 bank indicating that the credit card charge has been accepted.

21 The use of memory 9 allows the payment processing computer
22 to have access to the necessary information to handle the linkage
23 and perform the proper accounting.

24 Figures 2A, 2B, 2C, 2D, and 2E graphically illustrate the

1 connections and disconnections of the preferred order.

2 Referring to figure 2A, in a typical fashion, a consumer via
3 customer computer 21 enters the network 20 and searches through
4 various merchant computers until the consumer locates the
5 merchant of choice and connects with merchant computer 22.
6 Merchant computer 22 communicates the promotional material via
7 network 20 to customer computer 21.

8 When the consumer decides to buy the service or product from
9 merchant 22, as shown in figure 2B, the link with merchant
10 computer 22 is broken and customer computer 21 links with the
11 payment processing computer 23. In the change from merchant
12 computer 22 to payment processing computer 23, an indicia of the
13 URL or the product being promoted by merchant computer 22 is
14 communicated to the payment processing computer 23.

15 The indicia as a URL of the last site is available through
16 normal network operations and its handling is obvious to those of
17 ordinary skill in the art. The product number is easily
18 combined with the URL; thereby making the product number also
19 available to the payment processing computer 23.

20 In some embodiments, the originating URL is crossed checked
21 to a memory data base to achieve the product number. In this
22 embodiment, the merchant structures its material so that only a
23 single product/service is associated with a specific URL.

24 Using the product number (or developing the product number

Amendment A Replacement Pages

1 from the merchant's URL), the payment processing computer is able
2 to cross reference its own memory (as described earlier) to
3 achieve other important information including: the amount of the
4 product/service, a description of the product/service, the name
5 and address of the merchant, and other which will be used in
6 later operations.

7 The payment processing computer 23 accepts from the customer
8 computer 21, the credit card account number which is to be
9 debited the amount of the product.

10 As shown in figure 2C, in this embodiment, while maintaining
11 linkage with the customer computer 21, the payment processing
12 computer 23 establishes a link via phone lines 25 with the credit
13 card server computer 24. The credit card account number and
14 amount is communicated to the credit card server computer 24
15 which responds to the payment processing computer 23 with an
16 authorization indicia. This authorization indicia gives the
17 acceptance or denial of the charge.

18 If a product is to be shipped, and if the charge has been
19 authorized, as shown in figure 2D, the payment processing
20 computer 23 connects with the merchant computer 22 and directs
21 the merchant to ship the product to the consumer.

22 As shown in figure 2E, since the payment processing computer
23 23 has identified the product number, it is able to retrieve from
24 its memory the URL for reconnecting the customer computer 21 with

Amendment A Replacement Pages

1 the merchant computer 22. In this manner, the entire operation
2 is totally transparent to the consumer since they feel they have
3 been continuously working with the merchant computer 22.

4 Further, using the URL's from its memory, the payment
5 processing computer 23 is able to link the customer computer 21
6 to the merchant computer 22 at an address which is different from
7 where the consumer was originally connected. In this manner, the
8 payment processing computer 23 is able to direct the consumer to
9 different locations which are consistent with the authorization
10 indicia (accept/reject) on their credit card.

11 As example, assume, the credit card was authorized, then the
12 consumer could be reconnected to an area which has restricted
13 access so that the consumer can gain the information paid for; if
14 on the other hand, the credit card was rejected, the connection
15 would be to a page indicating such and possibly asking for
16 another card number.

17 In this manner, the payment processing computer 23 is able
18 to control the operation and interface between the customer
19 computer 21 and the merchant computer 22.

20 Periodically, the payment processing computer 23 connects
21 via the phone lines 25 with the credit card server 24 and
22 instructs it to transfer the appropriate amount of funds to the
23 merchant's bank computer 26 so that the merchant has access to
24 the funds paid for his product/service provided to the consumer.

Amendment A Replacement Pages

1 Figures 3A, 3B, 3C, and 3D are frontal views of one
2 embodiment of a consumer's display screen.

3 Screen 30A is designed to provide the promotional
4 information so that the consumer is attracted to purchase the
5 product. In screen 30A is the name of the merchant company (XYZ
6 CO.) 31, the name of the product (widget) 32, the price (\$14.95)
7 33, and the part number (#10234) 34.

8 Also located on screen 30A is a software key 35 which allows
9 the consumer to pay for the product. In this embodiment, by
10 activating this software key 35 (typically through a click of the
11 mouse), screen 30A is changed to screen 30B which is identical
12 except that the software key 35 has been replaced with an order
13 window 36.

14 Order window 36 allows the consumer to complete the
15 necessary information to order the product. This includes the
16 part number 37A, the amount 37B, and the credit card number 37C.
17 When the consumer is ready, the software key "Send" 37D or the
18 software key "Cancel" 37E is activated. In the case of a cancel,
19 the screen returns to screen 30A.

20 In a "send" 37D, mode, the payment processing computer
21 contacts the bank computer and determines if the credit card is
22 valid and if the amount is available. If the charge is
23 authorized, the screen changes to 30C in which the order window
24 36 has been replaced with authorization window 38 which shows

Amendment A Replacement Pages

1 that the charge has been accepted 39A, the transaction no.
2 (A1483) 39B, and the password ("GO") 39C which the consumer is to
3 use with the merchant.

4 When this information has either been printed or committed
5 to memory, the consumer activates software key 39D to "Proceed"
6 to screen 30D. At this point, the consumer is able to enter the
7 password 29 so that the restricted access is lifted. In the
8 genealogy example, it is at this point the consumer gains access
9 to the full report.

10 Figure 4A is a flow-chart of the preferred embodiment's
11 payment processing operation.

12 After start 40A, a connection is made with the customer
13 computer 41A and the encryption software is downloaded to the
14 customer computer 41B. Encryption software is preferably used
15 for transmittal of the credit card number so that the integrity
16 of the card is not jeopardized.

17 The consumer computer then communicates, and the payment
18 processing computer accepts, the account number, the amount, and
19 the identification of the product or service, 42A. A connection
20 is made with the credit card server 41C and the account number
21 and amount is transmitted 41D to the credit card server over the
22 established phone lines. In response to this query, the
23 authorization data is received 42B and the connection with the
24 credit card server 41E is broken.

Amendment A Replacement Pages

1 A transaction indicia is generated 41F. This transaction
2 indicia is not the authorization data but serves as an internal
3 monitoring system for the payment processing computer so that the
4 accounting is kept accurate.

5 From the memory, the password is withdrawn 41G for the
6 product so ordered; and, the password and transaction indicia is
7 transmitted to the customer computer 41H.

8 At this point, the connection with the customer computer is
9 terminated 41I and the program stops 40B.

10 Figure 4B is a flow-chart of an alternative embodiment's
11 payment processing operation.

12 After start 43A, the program connects with the customer
13 computer 44A and at the same time obtains the merchant URL 45A.
14 Using the merchant URL, the payment processing computer searches
15 its memory and identifies the merchant number, the part number,
16 and the purchase amount 44B.

17 The encryption software is downloaded into the customer
18 computer 44C and the credit card account number is received 45.
19 A connection is then made with the credit card server computer
20 44D and the account number and the amount is transmitted 44E.
21 This inquiry results in an authorization code 45C being received
22 and the connection with the credit card server being broken 44F.

23 A check is then made to see if the credit card purchase was
24 authorized 46A.

Amendment A Replacement Pages

1 If the credit card purchase was denied, the URL to use for a
2 rejection is withdrawn from memory 44G and the Customer computer
3 is connected to the merchant computer at this URL 44H leaving the
4 payment processing computer able to disconnect 44I and stop 43B.

5 Should the credit card purchase be accepted, 46A, then the
6 program generates a transaction identification 44J. This
7 transaction identification is stored along with the date, amount
8 of purchase, and the merchant number 44K.

9 The password is retrieved from memory 44L and it, together
10 with the transaction identification, is transmitted to the
11 customer computer 44M.

12 From memory, the authorized URL is withdrawn 44N.

13 A determination, based upon stored data, is made as to the
14 character of the product (service or goods) 46B. If the product
15 relates to goods which are to be shipped, a shipping order
16 including the transaction identification, the amount, the date,
17 and address of the customer, is communicated to the merchant 44O
18 to satisfy the order. If the product is a "service", the program
19 skips to step 44P.

20 The customer computer is then connected to the authorized
21 URL 44P and the connection with the customer computer is
22 terminated 44Q allowing the program to stop 43C.

23 Figure 5 is a flow-chart of the operation of the merchant's
24 computer.

Amendment A Replacement Pages

1 After start 50A, the merchant computer connects with the
2 customer computer 51A and communicates the promotional material
3 52A. The password is received from the customer 52B and is
4 checked to see if it is the correct password 53A.

5 If the password is incorrect, a determination is made on if
6 it is the customer's first try 53B; if it is, then the customer
7 is given another chance to enter the correct password 52B. If
8 the customer has tried twice to enter the correct password, the
9 connection with the customer is terminated 51C and the program
10 stops 50C.

11 If the password is correct, 53A, then the secure or
12 restricted access data is communicated to the customer's computer
13 51D and the connection with the customer's computer is terminated
14 51B. The program then stops 50B.

15 In this manner, secure information is selectively
16 transmitted to a customer's computer upon the presentation of a
17 password.

18 It is clear from the foregoing that the present invention
19 creates a highly improved system for acceptance and processing of
20 payments over a distributed computer network.

21
